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## WEEKLY FINANCIAL SERVICES REPUBLICAN ROUND-UP 2.26.2010

### MESSAGING RESOURCES/POLLING UPDATE

**Studies Show That Obama's TARP Expansion Tax Will Kill Jobs.** According to an independent study conducted for General Electric Corp., the 10-year, \$90 billion tax on financial companies, most of which did not benefit from the TARP program or have already repaid TARP funds with interest, will lead to fewer loans to U.S. businesses and consumers, reduced economic activity, and as many as 2.4 million lost jobs. Even the Independent Community Bankers, whose members would not be covered by the tax, expressed opposition to the tax in a letter to Congress. "Community banks did not cause the financial crisis but genuinely fear that any proposed tax on the financial sector will unfairly end up hitting all banks as the federal debt and deficit fuel a growing demand for additional revenues," the letter stated.

**The Administration Owes Taxpayers A Plan For Fannie And Freddie.** On February 24th, Treasury Secretary Tim Geithner confirmed in testimony what some had suspected for some time: that the Obama Administration has no plan for how to extricate taxpayers from the open-ended commitment that has already cost them more than \$110 billion, and is likely to cost them three to four times that amount by the time the Administration figures out an exit strategy. This is irresponsible and unacceptable. Unlike Secretary Geithner, Federal Reserve Chairman Ben Bernanke told Congress the same day that a plan for Fannie and Freddie is needed soon. Taxpayers deserve an exit strategy from Fannie and Freddie. The Administration must reveal their GSE reform plans now, not next year.

**Comprehensive Financial Regulatory Reform Must Address The Future Of The GSEs.** Fannie Mae and Freddie Mac were at the center of the mortgage market meltdown that caused the financial crisis. However, the Democrats' financial regulation bill, H.R. 4173, which narrowly passed the House of Representatives, failed to include a single provision to address the status of the two companies. Financial regulatory reform legislation will not have any meaningful impact on ending taxpayer bailouts if the cost of operating the GSEs is allowed to continue to rise and the level of taxpayer support is allowed to grow. It is critical that Congress take decisive action to end the bailouts of Fannie Mae and Freddie Mac as part of comprehensive regulatory reform.

### Polling

**Rasmussen: "61% Say Government Should Keep Out of Housing Market..."**Sixty-one percent (61%) of Americans say it is better for the economy for the government to stay out of the housing market. That's an eight-point jump from September."

**Rasmussen: "51% Think Business Leaders Make Better Economic Decisions Than Government Officials..."**Most Americans continue to have more confidence in the economic decisions of the business community than in those of government."

### ON THE HORIZON

**Wednesday, March 3:** The Full Committee will mark up the 2011 Budget Views and Estimates at 10 am in room 2128 Rayburn.

Thursday, March 4: The International Monetary Policy Subcommittee will hold a hearing on Haiti debt relief at 10 am in room 2128. Immediately following this hearing, the Subcommittee will mark up H.R. 4573, Debt Relief for Earthquake Recovery in Haiti Act.

## WEEKEND MUST-READS

Wall Street Journal: "Bailout Anger Undermines Geithner ... Timothy Geithner's role in calming the financial crisis landed him the coveted job of Treasury secretary last year. That same résumé is now dogging him."

Washington Post: "Congress must act on US fiscal policy ... The commission formed by Barack Obama to examine ways of curbing US budget deficits has slender prospects of success. Yet it had better work, because the chances of succeeding by any other means - short of an eventual fiscal crisis - are even slimmer."

Wall Street Journal: "Risk and Discipline in the Financial Markets ... There is now a high probability that the greatest financial crisis in three generations will yield not one piece of meaningful financial regulatory reform

Wall Street Journal: "Fannie and Freddie: The Last SIVs ... The first step in treating Washington's spending addiction is for the political class to admit it has a problem. This means being honest with taxpayers about the debts politicians are racking up."

Bloomberg: "Fed Presidents Take Case to Congress for Keeping Bank Oversight ... Some Federal Reserve regional bank presidents, concerned that financial-overhaul legislation will imperil their institutions, are making their own case to Congress."

NY Times: "Banks Bet Greece Defaults on Debt They Helped Hide ... Bets by some of the same banks that helped Greece shroud its mounting debts may actually now be pushing the nation closer to the brink of financial ruin."

Wall Street Journal: "Credit-Rating Firms Amplify Jitters ... The world's leading credit-ratings firms-Moody's Investor Service Inc., Standard & Poor's Corp. and Fitch Ratings-were lambasted months ago for putting top-notch grades on what turned out to be dodgy mortgage-related securities."

## REPUBLICANS IN THE NEWS

Rep. Ed Royce issued these press releases: Rep. Royce to Bernanke: Take that Message on the Road; Royce Demands An End to Fannie Mae and Freddie Mac's Unchecked Bailout

Rep. Shelley Moore Capito issued these press releases: Capito on GSE Executive Compensation Packages; Capito Seeks Clarity from Fed Chairman for Community Lenders

Rep. Tom Price issued this press release: Stop the Fannie and Freddie Accounting Fraud

Rep. Michele Bachmann issued this press release: The Full Cost of Fannie Mae and Freddie Mac Must be Accounted For

Rep. Leonard Lance issued these press release: Lance Calls For Accurate Accounting Of Fannie Mae And Freddie Mac; Lance: Bernanke Tells Congress The Economy Needs A Credible Plan To Address Deficits, Spending And Debt

Rep. Spencer Bachus issued these press releases: Bachus: Obama Administration Is Obscuring Cost Of Fannie, Freddie's Blank Check; Bachus: America Cannot Afford A Sequel To The Democrat's Stimulus Bill; Bernanke Warns Of Unsustainable Debt Path; Bachus: End Government Micromanagement Of Private Business

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